Nursing Supplies and Dressing

Ostomy Supplies: Adhesive, Appliance, Belts, Face Plates, Flanges, Gaskets, Irrigation Sets, Night Drains, Protective Dressings, Skin Barriers, Tail Closures

Overhead Trapeze Equipment

Oxypgen, Gaseous and Liquid

Oxygen Concentrators

Oxygen Delivery Systems, Portable or Stationary

Oxygen Mask

Pads

Peroxide

Pitcher

Plastic Bib

Pump (aspiration and suction)

Pumps for Alternating Pressure Pads

Respiratory Equipment: Ambu Bags, Cannulas, Compressors, Humidifiers, IPPB Machines and Circuits, Mouth Pieces, Nebulizers, Suction Catheters, Suction Pumps, Tubing, etc.

Restraints

Room and Board (semi-private or private if necessitated by a medical or social condition)

Sand Bags

Scalpel

Shampoo

Shaves

Shaving cream

Sheepskin

Side Rails

Soap

Effective Date 10/18/89
Approval Date 05/17/90
TN No. 89-29

Special Diets

Specimen Cups

Sponges

Steam Vaporizer

Sterile Pads

Sterile Saline for Irrigation

Sterile Water for Irrigation

Stomach Tubes

Stool Softeners, Non-Legend

Suction Catheter

Suction Machines

Suction Tube

Surgical Dressings (including sterile sponges)

Surgical Pads

Surgical Tape

Suture Removal Kit

Surgical Tape

Suture Removal Kit

Suture Trays

Syringes (all sizes)

Syringes, Disposable

Tape for laboratory tests

Tape (non-allergic or butterfly)

Testing Sets and Refills (S & A)

Therapy Services

Toenail Clipping and Cleaning

Tongue Depressors

Tooth Brushes

Tooth Paste

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TN No. 89-29

Tracheostomy Sponges

Trapeze Bars

Tray Service

Underpads

Urinals, male and female

Urinary Drainage Tube

Urinary Tube and Bottle

Urological Solutions

Vitamins, Non-Legend

Walkers, all types

Water Circulating pads

Water Pitchers

Wheelchairs: Amputee, Geriatric, Heavy Duty, Hemi, Lightweight, One Arm Drive, Reclining, Rollabout, Semi Reclining, Standard, etc.

TN No. 89-29 Approval Date 05/17/90 Effective Date 10/18/89

APPENDIX B

Non-Covered Supplies, Items and Services

Audiology Services

Barber and Beauty Shop Services

Cigarettes, Cigars, Pipes and Tobacco

Clothing

Cosmetics

Dental Services

Dry Cleaning

Eye Examinations

Eye Glasses

Hearing Aids

Home Parenteral Nutrition/Total Parenteral Nutrition Solutions, Additives, Supplies

Hospital Services

Laboratory Services

Optical Services

Orthotic Devices

Pharmacy

Physician

Podiatry Services

Prosthetic Devices

Ventilators

Wheelchair Batteries

Wheelchairs, customized (chairs that are fitted/fabricated to a specific individual that cannot be used by any other person)

Wheelchairs, Electric

TN No. 89-29 Approval Date 05/17/90 Effective Date 10/18/89

13 CSR 70-10.060 Retrospective Reimbursement Plan for State-Operated Facilities for ICF/MR Services.

PURPOSE: This rule establishes a payment plan for State-Operated Providers of ICF/MR services. The plan describes principles to be followed by Title XIX ICF/MR providers in making financial reports and presents the necessary procedures for setting rates, making adjustments and auditing the cost reports.

(1) Objectives. The retrospective rate plan described shall apply to State-Operated ICF/MR facilities for dates of service on and after March 1, 1990, and the objective of this plan is to provide reimbursement of allowable cost.

(2) General Principles. The Missouri Medical Assistance program shall reimburse qualified providers of ICF/MR services based solely on the individual Medicaid recipient's days of care (within benefit limitations) multiplied by the facility's Title XIX per-diem rate as described in sections (4) and (5) less any payments made by recipients .

(3) Definitions

(A) Effective Date. The plan effective date shall be for services furnished on and after March 1, 1990.

(B) Medicare rate is the allowable cost of care permitted by Medicare standards and principles of reimbursement.

(C) Cost Report. The cost report shall detail the cost of rendering covered services for the fiscal reporting period. Providers must file the cost report on forms provided by and in accordance with the procedures of the department.

(D) Department. The department, unless otherwise specified, refers to the Missouri Department of Social Services.

(E) Division. The division, unless otherwise specified, refers to the Division of Medical Services.

(F) Director. The director, unless otherwise specified, refers to the director, Missouri Department of Social Services.

(G) Providers. A provider under the Retrospective Reimbursement Plan is a State-Operated ICF/MR facility with a valid participation agreement in effect on or after February 28, 1990, with the Missouri Department of Social Services for the purpose of providing long-term care services to Title XIX eligible recipients.

(H) Allowable Cost Areas. Those cost areas which are allowable for allocation to the Medicaid program based upon the principles established in this plan. The allowability of cost areas not specifically addressed in this plan

will be based upon criteria of the Medicare Provider Reimbursement Manual (HIM-15) and section (7) of this rule.

(I) New Construction. Newly built facilities or parts, for which an approved Certificate of Need or applicable waivers were obtained and which were newly completed and operational on or after March 1, 1990.

(J) ICF/MR. State-Operated Facilities certified to provide intermediate care for the mentally retarded under the Title XIX program.

(K) Patient Days. Patient day of care is that period of service rendered a patient between the census-taking hours on two (2) consecutive days, including the twelve (12) temporary leave of absence days per any period of six (6) consecutive months as specifically covered under section (6) of this regulation, the day of discharge being counted only when the patient was admitted the same day. A census log shall be maintained in the facility for documentation purposes. Census shall be taken daily at midnight. A day of care includes those overnight periods when a recipient is away from the facility on a facility sponsored group trip and remains under the supervision and care of facility personnel.

(4) Interim Rate.

(A) For service dates beginning March 1, 1990, through and including June 30, 1991, each provider shall be assigned an interim per diem rate for reimbursement under the Missouri Medicaid Program. The interim per-diem rate will be based on the provider's FY-89 desk reviewed allowable costs inflated forward on the basis of the historical rate of change. This rate of change shall be thirty-five percent (35%) of the following amount: the percentage increase between the FY-87 weighted mean allowable cost per patient day for all State-Operated facilities (WMACPPDSOF) and the FY-89 WMACPPDSOF annualized by dividing by two.

EXAMPLE

FY-87 WMACPPDSOF		$128.06
FY-89 WMACPPDSOF		$161.47
Percent of Change	($161.47 - $128.06) / $128.06 =	26.09%
Annualized Percent of Change	(26.09 / 2) =	13.04%
35% of Annualized % of Change	(13.04% * 35%) =	4.57%
Facility FY-89 Allowable Cost		24220500
Facility FY-89 Patient Days		150000
Inflated Cost	(24220500 * 104.57%) =	25327376
Interim Rate	(25327376 / 150000) =	$168.85

(B) For service dates beginning July 1, 1991, and annually thereafter, each provider shall be assigned an interim per-diem rate based on the provider's second prior year desk reviewed allowable costs inflated forward on the basis of the historical rate of change. This rate of change shall be fifty percent (50%) of the following amount: the percentage increase between the fourth prior year weighted mean allowable cost per patient day for all State-Operated facilities (WMACPPDSOF) and the second prior year WMACPPDSOF annualized by dividing by two. For example, for the July 1, 1991 interim rate, the fourth prior year is the facility fiscal year ending June 30, 1988 and the second prior year is the facility fiscal year ending June 30, 1990.

EXAMPLE

FY-88 WMACPPDSOF			160
FY-90 WMACPPDSOF			180
Percent of Change	($180.00 - $160.00) / $160.00	=	12.50%
Annualized Percent of Change	(12.50 / 2)	=	6.25%
50% of Annualized & of Change	(6.25% * 50%)	=	3.13%
Facility FY-90 Allowable Cost			27000000
Facility FY-90 Patient Days			150000
Inflated Cost	(47000000 * 103.13%)	=	27845100
Interim Rate	(27845100 / 1500000)	=	$185.63

(C) In the case of newly constructed State-Operated ICF/MR facilities or existing facilities not previously certified to participate in the Title XIX program entering the Missouri Medicaid program after February 28, 1990 shall have an interim rate based on 125% of the weighted mean rate of all providers for the month prior to entering the Missouri Medicaid program until such time a second prior year cost report is available, at which time the provisions of subsection (4)(B) will apply.

EXAMPLE

Weighted Mean Rate of All Providers (7/01/91)		=	$160.00
Interim Rate Effective (8/01/91)	($160.00 * 125%)	=	$200.00

(D) When information contained in a facility's cost report is found to be fraudulent, misrepresented or inaccurate, the facility's interim rate at the discretion of the Division may be both retroactively and prospectively adjusted if the fraudulent, misrepresented or inaccurate information as originally reported resulted in establishment of a different interim rate than the facility would have received in the absence of such information.

(5) Retroactive Adjustments.

(A) The division shall desk review the Medicaid cost reports for each facility and shall determine the facility's allowable cost per patient day. This shall be the final per-diem rate for the service dates covered by the cost report. An adjustment (payout or a recoupment) will be made based upon the difference between the final per-diem rate and the interim per-diem rate multiplied by the Medicaid days corresponding to the service dates covered by the interim per-diem rate. For the period March 1, 1990 through June 30, 1990, the full facility fiscal year 1990 Medicaid cost report will be used to establish the final per-diem rate for payment adjustment purposes.

(B) When information contained in a facility's cost report is found to be fraudulent, misrepresented or inaccurate, the facility's final rate at the discretion of the Division may be both retroactively and prospectively adjusted if the fraudulent, misrepresented or inaccurate information as originally reported resulted in establishment of a different final rate than the facility would have received in the absence of such information.

(6) Covered Services and Supplies. ICF/MR services and supplies covered by the per-diem reimbursement rate under this plan, and which must be provided as required by Federal or State law or regulation and include, among other services, the regular room, dietary and nursing services, or any other services that

are required for standards of participation or certification, also included are minor medical and surgical supplies and the use of equipment and facilities. These items include, but are not limited to, the following:

(A) All general nursing services including, but not limited to, administration of oxygen and related medications, hand-feeding, incontinency care, tray service and enemas;

(B) Items which are furnished routinely and relatively uniformly to all recipients; for example, gowns, water pitchers, soap, basins and bed pans;

(C) Items such as alcohol, applicators, cotton balls, bandaids and tongue depressors;

(D) All non-legend antacids, non-legend laxatives, non-legend stool softeners and non-legend vitamins. Any and all non-legend drugs in one of these four (4) categories must be provided to residents as needed and no additional charge may be made to any party for any of these drugs. Facilities may not elect which non-legend drugs in any of the four (4) categories to supply; any and all must be provided as needed within the existing per-diem rate;

(E) Items which are utilized by individual recipients but which are reusable and expected to be available such as ice bags, bed rails, canes, crutches, walkers, wheelchairs, traction equipment and other durable, non-depreciable medical equipment;

(F) Additional items as specified in the appendix to this plan when required by the patient;

(G) Special dietary supplements used for tube feeding or oral feeding such as elemental high nitrogen diet including dietary supplements written as a prescription item by a physician;

(H) All laundry services including personal laundry;

(I) All general personal care services which are furnished routinely and relatively uniformly to all recipients for their personal cleanliness and appearance shall be covered services; for example, necessary clipping and cleaning of fingernails and toenails, basic hair care, shampoos and shaves to the extent necessary for reasonable personal hygiene. The provider shall not bill the patient or his/her responsible party for this type of personal service;

(J) All consultative services as required by state or federal law or regulation or for proper operation by the provider. Contracts for the purchase of these services must accompany the provider cost report. Failure to do so will result in the penalties specified in section (9) of this rule;

(K) Semi-private room and board and private room and board when necessary to isolate a recipient due to a medical or social condition, such as contagious infection, irrational loud speech, etc. Unless a private room is necessary due to such a medical or social condition, a private room is a non-covered service and a Medicaid recipient or responsible party may therefore pay the difference between a facility's semi-private charge and its charge for a private room. Medicaid recipients may not be placed in private rooms and charged any addition-

al amount above the facility's Medicaid per diem unless the recipient or responsible party in writing specifically requests a private room prior to placement in a private room and acknowledges that an additional amount not payable by Medicaid will be charged for such a private room;

(L) Twelve (12) days per any period of six (6) consecutive months during which a recipient is on a temporary leave of absence from the facility. Such temporary leave of absence days must be specifically provided for in the recipient's plan of care. Periods of time during which a recipient is away from the facility because she/he is visiting a friend or relative are considered temporary leaves of absence; and

(M) Days when recipients are away from the facility overnight on facility sponsored group trips under the continuing supervision and/or care of facility personnel.

(7) Allowable Cost Areas

(A) Covered services and supplies as defined in section (6) of this plan.

(B) Depreciation

1. An appropriate allowance for depreciation on buildings, furnishings and equipment which are part of the operation and sound conduct of the provider's business is an allowable cost item. Finder's fees are not an allowable cost item.

2. The depreciation must be identifiable and recorded in the provider's accounting records, based on the basis of the asset and prorated over the estimated useful life of the asset using the straight line method of depreciation from the date initially put into service.

3. The basis of assets shall be the lower of the book value of the provider, fair market value at the time of acquisition or the recognized IRS tax basis. Donated assets will be allowed basis to the extent of recognition of income resulting from the donation of the asset. Should a dispute arise between a provider and the Department of Social Services as to the fair market value at the time of acquisition of a depreciable asset and an appraisal by a third party is required, the appraisal cost will be shared proportionately by the Medicaid program and the facility in ratio to Medicaid recipient reimbursable patient days to total patient days.

4. Allowable methods of depreciation shall be limited to the straight line method. The depreciation method used for an asset under the Medicaid program need not correspond to the method used by a provider for non-Medicaid purposes; however, useful life shall be in accordance with the American Hospital Association's guidelines. Component part depreciation is optional and allowable under this plan.

5. Historical cost is the cost incurred by the provider in acquiring the asset and preparing it for use except as provided in this rule. Usually, historical cost includes costs that would be capitalized under generally accepted accounting principles. For example, in addition to the purchase price, historical cost would include architectural fees and related legal

Substitute per letter dated 5/25/90

fees. Where a provider has elected, to expense certain items such as interest and taxes during construction, the historical cost basis for Medicaid depreciation purposes may include the amount of these expensed items. However, where a provider did not capitalize these costs and has written off the costs in the year they were incurred, the provider cannot retroactively capitalize any part of these costs under the program. For Title XIX purposes and this rule, any asset costing less than five hundred dollars ($500) or having a useful life of one (1) year or less, may be expensed and not capitalized at the option of the provider.

6. When an asset is acquired by trading in an existing asset, the cost basis of the new asset shall be the sum of undepreciated cost basis of the traded asset plus the cash paid.

7. Capital expenditures for building construction or for renovation costs which are in excess of one hundred fifty thousand dollars ($150,000) and which cause an increase in a provider's bed capacity shall not be allowed in the program or depreciation base if the capital expenditures have not received approved certificate of need or waiver.

8. Amortization of leasehold rights and related interest and finance costs shall not be allowable costs under this plan.

(C) Interest and Finance Costs

1. Necessary and proper interest on both current and capital indebtedness shall be an allowable cost item excluding finder's fees.

2. Interest is the cost incurred for the use of borrowed funds. Interest on current indebtedness is the cost incurred for funds borrowed for a relatively short term. This is usually for such purposes as working capital for normal operating expenses. Interest on capital indebtedness is the cost incurred for funds borrowed for capital purposes such as acquisition of facilities and capital improvements and this indebtedness must be amortized over the life of the loan.

3. Interest may be included in finance charges imposed by some lending institutions or it may be a prepaid cost or discount in transactions with those lenders who collect the full interest charges when funds are borrowed.

4. To be an allowable cost item, interest (including finance charges, prepaid costs and discounts) must be supported by evidence of an agreement that funds were borrowed and that payment of interest and repayment of the funds are required, identifiable in the provider's accounting records, relating to the reporting period in which the costs are claims and necessary and proper for the operation, maintenance or acquisition of the provider's facilities.

5. Necessary means that the interest be incurred for a loan made to satisfy a financial need of the provider and for a purpose related to recipient care. Loans which result in excess funds or investments are not considered necessary.

6. Proper means that the interest be incurred at a rate not in excess of what a prudent borrower would have had to pay in the money market